

# The Groupon Trap

Competing on discount pricing doesn't work for aesthetic practices

BY WENDY LEWIS

**G**roupon has become the generic term to describe daily deal sites—and there are now a slew of them. The consumer appeal is obvious. It's a chance to try a product or service at a deeply discounted price. But is Groupon right for your aesthetic practice?

It seems like a win-win. You can potentially attract hordes of new clients without investing in paid advertising or PR. But it comes at a steep price after Groupon takes its 50% cut. Still, many are willing to go along with it based on the theory that once you attract new clients into your skin spa or dermatology practice, those clients will stay loyal. But that's not how things are playing out.

Instead of building loyalty, Groupon and other deal aggregators have created a new kind of consumer: the bargain basement shopper. Essentially, they want everything for nothing. They shop for price over quality. They make purchasing decisions on the fly so as not to lose out on a great deal. They may have laser hair removal at one clinic, but will be on the hunt for the next bigger, better deal at another clinic. In short, they're not looking for a long-term relationship. Is that the kind of patient you want to attract?

## Do the Math

Then there is the question as to whether or not anyone really makes money on Groupon. Practices may actually be losing money on every client who takes advantage of the deal, especially if they sell a lot of packages. Groupon makes out, but service providers can get killed. With a filler, toxin, laser, or facial treatment, there are numerous costs to recoup—staff time, salaries, office wear and tear, and consumables and supplies. Meanwhile, the room and staff you tie up to do a budget treatment could be used for a full-priced profitable treatment.



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The idea that while the \$50 facial Groupon client is in your aesthetician's chair, she can upsell her to a series of IPLs or body shaping, just doesn't work most of the time. The nature of the Groupon-practice relationship is a short-lived one. Typically, these clients are tire kickers and price shoppers; not the big spenders you are hoping to pull in.

Instead of falling into the Groupon trap, create your own deals and discounts. Implement a variation of special offers every month on select products and treatments. Offer a discount on a second or third syringe of filler. Create packages for services, such as a series of five IPLs

and get a sixth one at no charge. Or, combination treatments like a fat-dissolving injection session with an energy-based device for skin tightening.

The patients who truly deserve the "deal" are the loyal ones who keep coming back and refer their family and friends. Create a VIP program for them, and your practice will flourish. ●

**Wendy Lewis** is president of Wendy Lewis & Co Ltd, Global Aesthetics Consultancy, [www.wendylewisco.com](http://www.wendylewisco.com), founder/editor in chief of [beautyinthebag.com](http://beautyinthebag.com), and a contributing editor to *Plastic Surgery Practice*. She can be reached at [w@wlbeauty.com](mailto:w@wlbeauty.com).